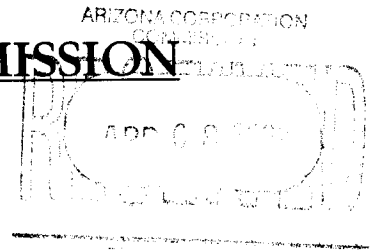


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

N

W-03511A
NAVAJO WATER CO., INC.
% BROOKE UTILITIES, INC.
P.O. BOX 82218
BAKERSFIELD CA 93380-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

4-10-02 am

SCANNED

COMPANY INFORMATION

Company Name (Business Name) NAVAJO WATER COMPANY, INC

Mailing Address P.O. BOX 82218

(Street)

BAKERSFIELD

CA

93380

(City)

(State)

(Zip)

(661) 633-7526

(800) 270-6084

(602) 601-5691

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

Local Office Mailing Address P.O. BOX 82218

(Street)

BAKERSFIELD

CA

93380

(City)

(State)

(Zip)

(661) 633-7526

(800) 270-6084

(602) 601-5691

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

MANAGEMENT INFORMATION

Management Contact: ROBERT T. HARDCASTLE

PRESIDENT

(Name)

(Title)

P.O. BOX 82218

BAKERSFIELD

CA

93380

(Street)

(City)

(State)

(Zip)

(661) 633 - 7526

(800) 270-6084

(602) 601-5691

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address rth@brookeutilities.com

On Site Manager: DEAN SHAFFER

(Name)

1011 S. STOVER ROAD

PAYSON

AZ

85541

(Street)

(City)

(State)

(Zip)

(520) 474-8130

(520) 474-1695

(602) 601-5691

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address deans@brookeutilities.com

Statutory Agent: ROBERT T. HARDCASTLE
(Name)
P.O. BOX 82218 BAKERSFIELD CA 93380
(Street) (City) (State) (Zip)

(661) 633-7526 (800) 270-6084
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: JAY SHAPIRO @ SENNMORE CRAIG
(Name)
3003 N. CENTRAL AVE., SUITE 2600, PHOENIX AZ 85012-2913
(Street) (City) (State) (Zip)
(602) 916-5366 (602) 916-5566 N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input checked="" type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME: NAVAJO WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	10,050		10,050
304	Structures and Improvements	8,879	5,498	3,381
307	Wells and Springs	12,778	8,610	4,168
311	Pumping Equipment	50,486	20,258	30,228
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	60,058	34,768	25,290
331	Transmission and Distribution Mains	119,863	75,225	44,638
333	Services	47,785	32,197	15,588
334	Meters and Meter Installations	32,114	12,978	19,136
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	7,647	718	6,929
	TOTALS	349,660	190,252	159,408

COMPANY NAME: NAVAJO WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	10,050	0.00%	-
304	Structures and Improvements	8,879	2.68%	238
307	Wells and Springs	12,778	2.68%	343
311	Pumping Equipment	50,486	2.44%	1,232
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	60,058	2.56%	1,537
331	Transmission and Distribution Mains	119,863	2.61%	3,129
333	Services	47,785	2.68%	1,283
334	Meters and Meter Installations	32,114	2.43%	780
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	7,647	2.68%	205
	TOTALS	349,660	2.50%	8,747

COMPANY NAME: NAVAJO WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	8,879	9,706
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(44)	(44)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 8,835	\$ 9,662
	FIXED ASSETS		
101	Utility Plant in Service	\$ 322,245	\$ 349,660
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(181,504)	(190,252)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 140,741	\$ 159,408
	DEFERRED INCOME TAX DEBITS	\$ 49,000	\$ 49,000
	TOTAL ASSETS	\$ 198,576	\$ 218,070

COMPANY NAME: NAVAJO WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT at End of Year
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 960	\$ 5,942
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	60,689	61,390
235	Customer Deposits	3,499	5,229
236	Accrued Taxes	1,911	1,972
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 67,059	\$ 74,533
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 55,490	\$ 44,811
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 2,791	\$ 4,408
252	Advances in Aid of Construction	7,647	7,647
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 10,438	\$ 12,055
	TOTAL LIABILITIES	\$ 132,987	\$ 131,399
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 58,300	\$ 58,300
211	Paid In Capital in Excess of Par Value	211,263	211,263
215	Retained Earnings	(203,974)	(182,892)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 65,589	\$ 86,671
	TOTAL LIABILITIES AND CAPITAL	\$ 198,576	\$ 218,070

COMPANY NAME: NAVAJO WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 103,733	\$ 114,383
460	Unmetered Water Revenue		
474	Other Water Revenues	1,742	2,631
	TOTAL REVENUES	\$ 105,475	\$ 117,014
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 13,485	\$ 15,726
610	Purchased Water		
615	Purchased Power	8,464	12,404
618	Chemicals		
620	Repairs & Maintenance		
621	Office Supplies and Expense		
630	Outside Services	21,090	25,794
635	Water Testing	800	1,757
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,248	1,248
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	22,383	14,659
403	Depreciation Expense	8,230	8,747
408	Taxes Other Than Income	5,767	6,463
408.11	Property Taxes	3,844	3,943
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 85,311	\$ 90,741
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	38,000	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(4,048)	(5,192)
	TOTAL OTHER INCOME/EXPENSE	\$ 33,952	\$ (5,192)
	NET INCOME/(LOSS)	\$ 54,116	\$ 21,081

COMPANY NAME: NAVAJO WATER COMPANY, INC
--

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN # 1	LOAN # 2	LOAN # 3	LOAN # 4
Date Issued	05/01/2000			
Source of Loan	Brooke Utilities			
ACC Decision No.	62361			
Reason for loan	see below			
Dollar Amount Issued	\$ 62,000			
Amount Outstanding	\$ 44,811			
Date of Maturity	04/30/2005			
Interest Rate	10%			
Current Year Interest	\$ 5,129			
Current Year Principal	\$ 10,679			

Meter Deposit Balance at Test Year End \$ 4,408

Meter Deposits Refunded During the Test Year \$ 583

The purpose of the loan was to finance capital expenditure project to improve water system infrastructures.

COMPANY NAME Navajo Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-646524	5 HP	26.0	6"	1"
55-601671	5 HP	60.0	6"	1"
55-623891	10 HP	72.0	8"	2"
55-623894	3 HP	U/A	6"	1"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 14,964

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5 HP	3	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	1	1,000	1
30,000	1	2,000	1
40,000	1	5,000	1

STATISTICAL INFORMATION

Total number of customers 301

Total number of gallons sold 14,109,805 gallons

COMPANY NAME NAVAJO WATER COMPANY, INC

YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>21,081</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>21,081</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATUREAPRIL 5, 2002

DATE

ROBERT T. HARDCASTLE

PRINTED NAME

PRESIDENT

TITLE

COMPANY NAME NAVAJO WATER COMPANY, INC YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

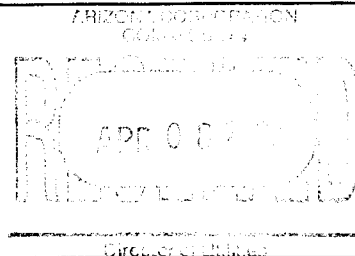
Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 3,883.06

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN	
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE	PRESIDENT
COMPANY NAME	NAVAJO WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 117,014

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 6,463
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30

DAY OF

(SEAL)

MY COMMISSION EXPIRES

SIGNATURE OF OWNER OR OFFICIAL

(661) 633 - 7526

TELEPHONE NUMBER

COUNTY NAME

MONTH

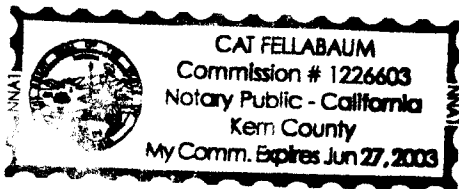
20

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
 : SS
COUNTY OF KERN)

“Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002.”

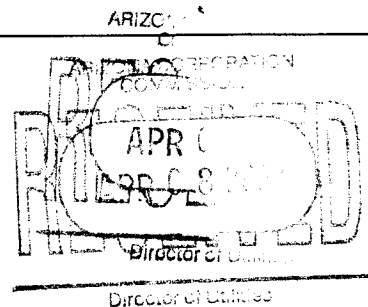
Witness my hand and official seal.



Cat Fellabaum
Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Navajo Water Company.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME NAVAJO WATER COMPANY, INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

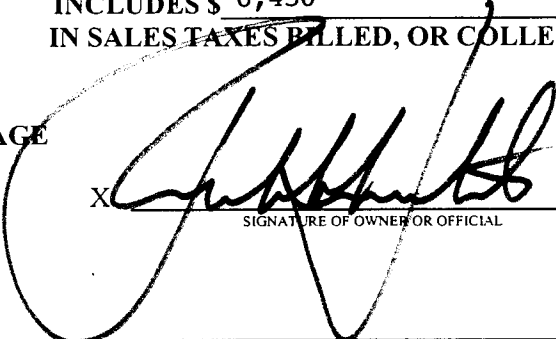
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 109,602

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6,430
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X 
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

See attached

DAY OF

(SEAL)

MY COMMISSION EXPIRES

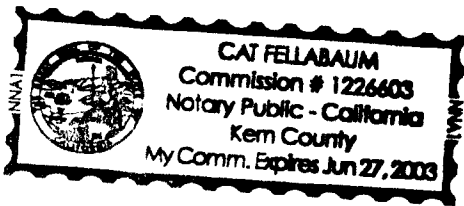
NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	. 20

X _____
SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
 : ss
COUNTY OF KERN)

"Subscribed and sworn to before me, Cat Fellabaum, Notary Public,
on this 5th day of April, 2002."

Witness my hand and official seal.



Cat Fellabaum
Notary Public in and for said State.

Document: Utilities Division Annual Report, Calendar Year ending December 31,
2001. Verification and sworn statement for Navajo Water Company.



Navajo Water Company, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

12671

16-66
1220

CHECK NO.

***** One Thousand Nine Hundred Eleven and 32/100 *****

919-91-000,005,070

DATE

Apr 17 01

AMOUNT

\$1,911.32

NAVAJO COUNTY TREASURER
P.O. BOX 668

HOLBROOK, AZ. 86025

[Signature]

⑈012671⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0000191132⑈

04/26/01
122000661 06

042401

COMMUNITY FIRST BANK
FARGO, N. DAKOTA
280034560 2003 00 8220040428

APR 25 01

PAY TO THE ORDER OF
COMMUNITY FIRST BANK
HOLBROOK, AZ
FOR DEPOSIT ONLY
NAVAJO COUNTY TREASURER
8220140428
0037 68111



Navajo Water Company, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

13654

16-66
1220

CHECK NO.

***** One Thousand Nine Hundred Seventy-One and 74/100 *****

DATE

AMOUNT

Oct 23 01

\$1,971.74

NAVAJO COUNTY TREASURER
P.O. BOX 668

HOLBROOK, AZ. 86025



⑈013654⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0000197174⑈

11/07/01
122000661

06

COMMUNITY FIRST BANK >091800036<
FARGO, N. DAKOTA
400228246 11-06-01 00 8220140428

NOV - 5 01

PAY TO THE ORDER OF
COMMUNITY FIRST BANK
HOLBROOK, AZ
FOR DEPOSIT ONLY
NAVAJO COUNTY TREASURER
8220140428
0033 85150